CONDOMINIUM REPORT

Greater Toronto Area

Canada Mortgage and Housing Corporation

ISSUE: FALL 2001

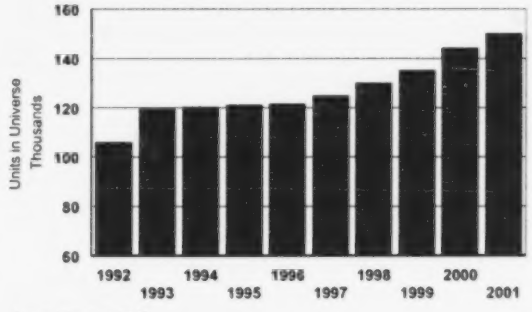
The 2001 GTA Apartment Condominium Survey

Condo Universe Expands

This year's GTA apartment condo universe expanded by 4.0% or 5,993 units. Expansion occurred in every Region except Durham where the total number decreased by 11 units. The City of Toronto accounted for the majority of the increase growing 4.2% or an additional 4,318 condo apartments. Peel Region added 4.7% or 1,081 units to its condo universe, while York and Halton Regions saw gains of 396 and 209 units respectively. Within the City of Toronto, Toronto Central witnessed the largest gains increasing by 5.4% or 1,961 units. Toronto North grew by 1,157 units, Toronto East added 1,157 units, while Toronto West increased by 174 units.

With 108,270 units, the City of Toronto contains 69.2% of the GTA's 156,372 total apartment condominium stock, and the 38,307 units in Toronto Central account for 35.4% of the total condos within the City of Toronto. At 30,954 units, Toronto North represents the second most populous area within the survey, while Peel Region and Toronto East are practically tied for third at 23,964 and 23,921 units respectively. The region with fewest condo apartments, Durham, slid to 4,754 units.

Condo Apartment Universe



Note: Toronto CMA
Source: CMHC

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Most Condos Built Between 1986 and 1995

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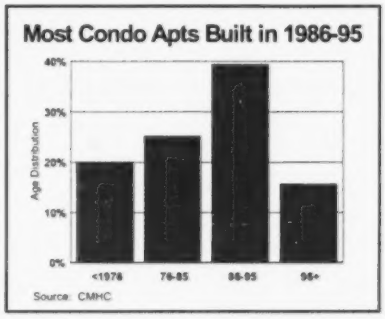
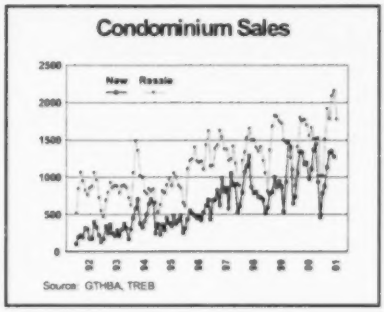
GTA apartment condominiums completed between 1986 and 1995 represent 39.4% of the total universe, while newer condos completed since 1996 account for 15.6%. Toronto and Halton Region have been actively increasing their stock of new condominiums over the past 5 years with the distribution of newer 1996+ buildings representing 19.0% and 18.2% respectively, while Peel Region has the smallest percentage of newer 1996+ buildings at 2.2%. Halton Region and York Region have the smallest proportion of pre 1976 buildings at 5.8% and 6.1% respectively. The majority of York Region's condos, 70.3%, were completed between 1986 and 1995.

The Toronto Central condo universe has expanded rapidly over the past few years with over one-quarter of its condo universe being completed since 1996. Toronto North has just over one-fifth of its universe completed since 1996, while Toronto West has the smallest proportion of newer units in the City of Toronto at 5.4% and the largest distribution of pre 1976 buildings at 43.1%. Toronto West contains the largest percentage of pre 1976 building at 43.1%, while 30.5% of Toronto North's condo apartments are pre 1976.

The recent surge in the popularity of condominium apartments will ensure that new stock will flow into the existing universe at an increasing pace as builders try to satiate Toronto's ever growing appetite for condominium apartments.

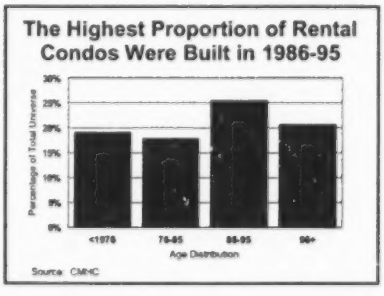


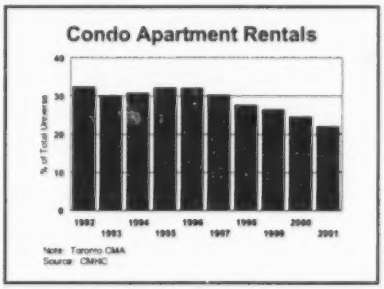


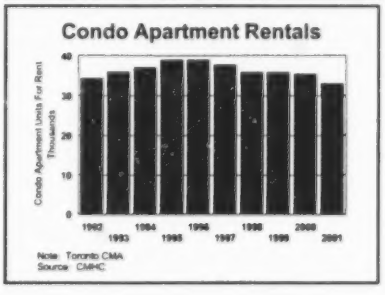
Condominium Apartment Rentals Decline

The trend towards owner occupied condominium apartments continues as the number of condo units rented fell in terms of the proportion of units rented, and the total number of units rented. The declining stock of rental condos in the GTA is a function of investors selling their condos to home owners faster than the number of new investors entering the market. While investor purchases of new condo apartments are an important segment of the market, current investors selling their existing condos is an even greater force. Thus the surge in the popularity of condo apartments is more about owner occupied units, and less about rented units purchased by speculative investors.

The total number of condominiums being rented fell to 34,343 units, or 22.0% of the total universe, compared to 36,590 units, or 24.3% of the total universe, in last years survey. Of these 34,343 units, 72.8% or 25,016 are within the City of Toronto. Declines in both the total number of units rented and the percentage of the total universe occurred in every area except Toronto West and Durham Region. Even though Toronto West saw its proportion of rental units increased from 17.9% to 18.8%, and Durham Region increased from 13.5% to 15.8%, both areas are still below the GTA's 22.0% level. Halton Region recorded the smallest percentage of condominium apartments being rented at 10.5%, while Toronto Central and Toronto East tied for top spot with 24.4%. The declining trend in the rental of condominium apartments is expected to reverse direction in the future as industry sources report a growing trend of investors purchasing new condominiums.







Condo Rental Stock set to Rebound

Between 1995 and 2001, the stock of City of Toronto condo apartment rentals decreased by 17.6% to 25,016 units this year compared with over 30,000 in existence in 1995. This decrease is largely a result of investor selling in the large 1985-94 age condo stock. Looking forward, there are a number of factors which will finally reverse this trend.

Outlook for New Condo Rentals

Despite strong owner-occupancy levels in newly completed condominium apartments, the market will generate a greater number of investor condo units over the next 2 or 3 years for two reasons. Firstly, the number of newly completed condos will increase significantly as we move forward. As of July 2001, there were over 17,000 condo apartment units under construction in the GTA alone. This is up over 50% and 100% from 2000 and 1999 respectively. Thus, it is anticipated that the Toronto area will easily experience nearly 20,000 condominium completions over the next few years. Secondly, several new projects in the pre-construction stage are clearly geared to the investor. Smaller square footage and a greater number of 1-bed and 1-bed + den units imply a lower purchase price for potential investors. Although anecdotal evidence conservatively suggests that overall 30% of all new completions (or 6,000 units) could be investor purchased, it is important to note that a large proportion of future investor units will be found in a relatively small number of investor geared projects. As the table below shows, nearly 3,000 of these potential investor units will likely be found in only 15 projects. Condominiums clearly remain very popular with home buyers as well.

Outlook for Existing Condo Rental Stock

As mentioned, the share of condominium rentals in units built between 1986-1995 has fallen noticeably. This can be explained as follows. Much of the influx of buying in the late 80s was driven on

Returns	TSE 300
Period	%
89	21.37
90	-14.8
91	12.02
92	-1.43
93	32.55
94	-0.18
95	14.53
96	28.35
97	14.98
98	-1.58
99	31.71
2000	7.41

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Prominent Condo Rental Projects: (2002/2003)

Project Name	Total Units	Occupancy Date	Buyer Profile	Potential Rental Units
Apex at Cityplace (C)	264	Mar 2002	Investors/First time buyers	200
Apex at Cityplace (D)	366	Mar 2002	Investors/First time buyers	275
Harbour View Estates I	518	Oct 2003	Investors/First time buyers	207
Optima at Cityplace	397	Jun 2002	Investors/First time buyers	298
Avanti	225	Jun 2002	Young professionals/investors	90
Axis	225	Dec 2002	Investors/First time buyers	169
Broadway I & II	499	Jun/Aug 2003	First time buyers/investors	200
Ellipse I & II	691	Sept 2003	Investors/couples	276
NY Towers Waldorf (East)	248	Nov 2002	Asian Investors	186
NY Towers Waldorf (West)	237	Dec 2002	Asian Investors	178
Spectrum II	221	Dec 2002	Asian Investors	166
The Majestic II	285	Dec 2001	Asian Investors	214
The Grand II	201	Oct 2002	singles,couples, investors	80
Twenty-One Hillcrest	227	Jun 2003	First time buyers/investors	91
Wellington Square	177	Oct 2002	First time buyers/investors	53
Total	**4,781**			**2,683**

Source: Urbanation, CMHC Estimates

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speculation. Those who bought in the late 80s on the premise of a quick capital gain were in a negative position when the recession hit and condo prices slid in the early 90s (see chart-next page). Consequently, many condominium owners opted to rent their units out while hoping to recover their capital in the future. With a recovery in the broader housing market underway since 1996, prices accelerated rapidly by the end of the decade helping investors who bought new condos at the peak recoup their losses through the sale of their investments. With alternative financial assets performing well on a relative basis (i.e. TSE 300) the opportunity cost of holding on to one's rental investment since 1996 became burdensome. The past few years have been no exception.

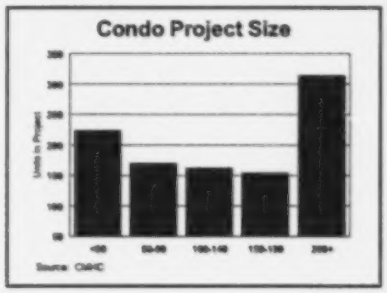
Similarly, the decline in the share of existing condominium rentals is expected to abate. Local rental markets should continue delivering above average rental rates to prospective investors while equity markets begin to slow triggered by a high-tech investment slowdown and earnings decline. This should help stem the tide of investment dollar outflows seeking above average returns in financial assets.

Large Projects are Popular

There are 1,024 total condominium apartment projects across the GTA with the average project consisting of 153 units. The average building in the City of Toronto, York Region and Peel Region are all fairly large with the average number of units coming in at 157, 146, and 196 units respectively. Buildings in Durham and York Region tend to be smaller coming in at 113 and 83 units respectively.

Buildings with more than 200 units and buildings with less than 50 units make up over half the condominium apartment building universe across the GTA. Projects with 200+ units account for 30.7% or 314 of the total buildings, while buildings with less than 50 units consist of 21.9% or 224 of the projects. The remaining three categories, 50-99, 100-149, and 150-199, consist of 16.6%, 15.8%, and 15.0% respectively.

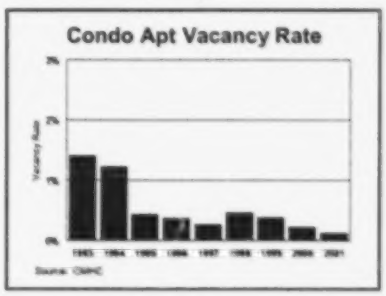
The City of Toronto consists of 67.2% or 688 of the condominium apartment project within the GTA. Given the high price of land and densely populated areas within the City of Toronto, large condominium apartment buildings are more common in the 416 area than in the 905 area. The majority of the 200+ unit projects in the GTA, 72.0% or 226 projects, are within the City of Toronto. Over half of the condo projects in Toronto West and Toronto West are of the 200+ variety (55.9% and 56.8% respectively). While 39.5% of Toronto North projects are 200+ units, Toronto Central is quite different. Only 16.4% of the total condo apartment buildings within Toronto Central are 200+, whereas projects with less than 50 units account for 37.6 % Toronto Central's stock.



Vacancy Rate Moves Lower

The number of vacant condominium apartment units in the GTA fell from 79 units in last years survey to 40. These 40 vacant units represent a GTA vacancy rate 0.1% compared to 0.2% in the previous years survey. Unlike property management firms that can spread out vacancy losses over hundreds of units, individual investors have a significant incentive to make sure that their unit does not remain vacant for very long in order to maintain positive cash flows. Thus it is not surprising that the Toronto condo apartments vacancy rate at 0.1% is substantially lower than the 0.7% vacancy rate recorded for rental apartments (October 2000 rental market survey).

Within the GTA's five regions, Halton recorded the highest condo apartment vacancy rate at 1.9%, up from last year's rate of 0.3%. York Region saw its vacancy rate increase to 0.2% from 0.1% recorded in the previous year, while Peel Region and Durham Region held steady at 0.1% and 0.0% respectively. The City of Toronto, which accounts for the majority of rental condos, saw their vacancy rate fall from 0.3% last year to 0.1% this year. Within the City of Toronto, the vacancy rate fell in Toronto Central (0.1%), Toronto West (0.0%), and Toronto North (0.1%), while the rate held steady in Toronto East (0.2%).



CONDOMINIUM APARTMENT RENTALS, JULY 2000-2001

REGION	2000 Rental Units	% of Total Universe	Rental Units	2001 % of Total Universe
Toronto Central (Old Toronto City,East York,York)	10431	28.7%	9352	24.4%
Toronto West (Etobicoke)	2671	17.9%	2840	18.8%
Toronto East (Scarborough)	6222	27.2%	5846	24.4%
Toronto North (North York)	7587	25.5%	6979	22.6%
Total Toronto	**26911**	**25.9%**	**25016**	**23.1%**
York Region	2385	20.6%	2132	17.8%
Peel Region	5809	25.4%	5666	23.7%
Durham Region	645	13.5%	752	15.8%
Halton Region	840	11.6%	777	10.5%
Total GTA	**36590**	**24.3%**	**34343**	**22.0%**
Toronto CMA	**35424**	**24.6%**	**32966**	**22.0%**

Footnote: The results of our survey are statistically significant at the 90% confidence level. In other words, the sample results represent Population characteristics 9 times out of 10 tries.

ACTIVE APARTMENT CONDOMINIUMS, JUNE 2001

MUNICIPALITY	UNDER CONSTRUCTION	SELLING (NOT STARTED)	COMPLETED BUT NOT REGISTERED	TOTAL NOT REGISTERED
Toronto Central (Old Toronto City,East York,York)	7980	4148	989	13117
Toronto West (Etobicoke)	1165	771	0	1936
Toronto East (Scarborough)	745	616	0	1361
Toronto North (North York)	4109	2504	405	7018
Total Toronto	**13999**	**8039**	**1394**	**23432**
York Region	1109	477	264	1850
Peel Region	1678	734	154	2566
Durham Region	0	183	0	183
Halton Region	470	237	479	1186
Total GTA	**17256**	**9670**	**2291**	**29217**

CONDOMINIUM UNIVERSE , JULY 2000-2001

REGION	2000 APT	ROW	TOTAL	2001 APT
Toronto Central (Old Toronto City,East York,York)	36346	2124	38470	38307
Toronto West (Etobicoke)	14914	2412	17326	15088
Toronto East (Scarborough)	22895	9489	32384	23921
Toronto North (North York)	29797	6921	36718	30954
Total Toronto	**103952**	**20946**	**124898**	**108270**
York Region	11558	5456	17014	11954
Peel Region	22883	23966	46849	23964
Durham Region	4765	5720	10485	4754
Halton Region	7221	8765	15986	7430
Total GTA	**150379**	**64853**	**215232**	**156372**
Toronto CMA	**144133**	**56396**	**200529**	**149764**

CONDOMINIUM APARTMENT DISTRIBUTION BY AGE OF STRUCTURE, JUNE 2001

REGION	UNIVERSE 1976	76-85	86-95	96+
Toronto Central (Old Toronto City,East York,York)	14.2%	24.0%	36.1%	25.7%
Toronto West (Etobicoke)	43.1%	18.6%	32.9%	5.4%
Toronto East (Scarborough)	14.2%	33.5%	37.1%	15.3%
Toronto North (North York)	30.5%	29.6%	19.8%	20.2%
Total Toronto	**22.9%**	**26.9%**	**31.2%**	**19.0%**
York Region	6.1%	11.3%	70.3%	12.3%
Peel Region	19.1%	23.9%	54.8%	2.2%
Durham Region	15.2%	20.9%	54.2%	9.8%
Halton Region	5.8%	26.7%	49.4%	18.2%
Total GTA	**20.0%**	**25.1%**	**39.4%**	**15.6%**
Toronto CMA	**20.4%**	**25.4%**	**38.9%**	**15.3%**

Footnote: The results of our survey are statistically significant at the 90% confidence level. In other words, the sample results represent Population characteristics 9 times out of 10 tries.

RENTAL CONDO APARTMENT VACANCY RATE, JULY 2000-2001

REGION	2000 Vacant Units	Vacancy Rate	Vacant Units	2001 Vacancy Rate
Toronto Central (Old Toronto City,East York,York)	31	0.3%	7	0.1%
Toronto West (Etobicoke)	5	0.2%	0	0.0%
Toronto East (Scarborough)	12	0.2%	9	0.2%
Toronto North (North York)	18	0.2%	3	0.1%
Total Toronto	**66**	**0.3%**	**19**	**0.1%**
York Region	3	0.1%	4	0.2%
Peel Region	7	0.1%	3	0.1%
Durham Region	0	0.0%	0	0.0%
Halton Region	3	0.3%	14	1.9%
Total GTA	**79**	**0.2%**	**40**	**0.1%**
Toronto CMA	**73**	**0.2%**	**33**	**0.1**

Footnote: The results of our survey are statistically significant at the 90% confidence level. In other words, the sample results represent Population characteristics 9 times out of 10 tries.

DEVELOPER OWNED CONDOMINIUM APARTMENT UNITS, JULY 2000-2001

REGION	2000 Developer Owner Units	% of Total Universe	Developer Owner Units	2001 % of Total Universe
Toronto Central (Old Toronto City,East York,York)	328	0.9%	85	0.2%
Toronto West (Etobicoke)	14	0.1%	11	0.1%
Toronto East (Scarborough)	20	0.1%	0	0.0%
Toronto North (North York)	26	0.1%	146	0.5%
Total Toronto	**389**	**0.4%**	**242**	**0.2%**
York Region	71	0.6%	33	0.3%
Peel Region	4	0.0%	1	0.0%
Durham Region	0	0.0%	0	0.0%
Halton Region	9	0.1%	45	0.6%
Total GTA	**473**	**0.3%**	**321**	**0.2%**
Toronto CMA	**426**	**0.3%**	**250**	**0.2%**

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CONDOMINIUM APARTMENT PROJECTS BY SIZE, JUNE 2001

REGION	<50	50-99	100-149	150-199	200+	TOTAL
Toronto Central (Old Toronto City,East York,York)	126	73	52	29	55	335
Toronto West (Etobicoke)	8	7	7	8	38	68
Toronto East (Scarborough)	8	13	9	21	67	118
Toronto North (North York)	20	14	29	38	66	167
Total Toronto	**162**	**107**	**97**	**96**	**226**	**688**
York Region	8	14	24	18	18	82
Peel Region	9	9	22	25	57	122
Durham Region	14	9	5	7	7	42
Halton Region	31	31	14	8	6	90
Total GTA	**224**	**170**	**162**	**154**	**314**	**1024**
Toronto CMA	**187**	**141**	**150**	**148**	**310**	**936**

Toronto Economic Outlook

While the rest of Ontario and Canada has experienced labour market weakness in the last few quarters due in most part to a slowing US economy, the Toronto labour market has shown surprising resilience. This resilience is owing to Toronto's labour market diversification. Although the rate of Toronto job growth this year will likely be half of what was witnessed in 2000, job shedding on the most part has occurred in part time work. Full time employment for the prime home buying group aged 25-44 has barely lost a beat.

Even prior to the latest US conflict, leading economic indicators have turned sideways to downwards suggesting a softer pace of job performance in the next few quarters. Weakness in the manufacturing sector is starting to trickle into services employment. Add to this consumer uncertainty generated by recent US economic weakness would suggest a moderation in big ticket consumption over the short run. Secondly, Toronto Help Wanted Ads have been declining for 8 consecutive months indicating weakness in hiring intentions over the next few quarters. Given the labour market impacts the housing market with a lag, this would suggest that housing activity is expected to moderate in 2002 from strong levels witnessed this year.

Nevertheless, Toronto housing activity should remain healthy, bolstered by accommodating interest rates and tax cuts in both the US and Canada. Look for sales to new listings ratios to drop from current record levels. Prices should continue to rise, albeit at a slower rate, as buyers outpace vendors. While a cloud of uncertainty should dominate in the first half of 2002, look for the Toronto labour market to kick into higher gear later next year. Just over 60,000 jobs will be created in the Toronto area in 2001, translating into employment growth of 2.5% versus 4.5% in 2000. After a sluggish first half, Toronto job market should end 2002 on a much stronger note. Optimism among job seekers, however, will outpace hiring intentions causing the jobless rate to continue to rise to 6.2% this year and 6.5% in 2002.

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